

At the Capitol

Governor Blagojevich has signed Public Act #93-0839 allowing State employees to receive an Alternative Retirement Cancellation Payment (ARCP) consisting of a lump sum payment of their contributions with regular interest, times two.

Also included in the legislation is a provision allowing the Department of Central Management Services to create a Maximum Incentive Payment Option for early termination of State service.

This is a separate program that **may or may not** be offered. Additional information on this option will be posted on the CMS website at www.state.il.us/cms, if and when it is implemented.

To participate in the SERS portion of the ARCP, a member must fall within the two groups listed below.

Group 1

To be eligible in Group 1, a SERS member must:

- Be on active payroll during June, 2004.
- Have continuous employment on and after January 1, 2004.
- Be in a specific job title and department.
- Be among the first 3,000 employees to file a written application before September 30, 2004.
- If the member has a Qualified Illinois Domestic Relations Order (QILDRO) in effect, the member must have a consent to participate from all alternate payees.
- Terminate employment within two weeks after approval of their application or no later than October 31 2004, whichever comes first.

During August 2004, all members eligible to participate should have received an

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Your Benefit Statement is Missing Something

Enclosed with this edition of the SERS-O-GRAM is your annual Benefit Statement. Your statement only displays the last four numbers of your Social Security number to help protect you from identity theft.

Once an identity thief has your Social Security number and date of birth, they can obtain credit cards, open bank accounts, and sign up for cell phones in your name. The damage could cost you enormous amounts of money and take years to restore your credit.

Besides giving you specific information about your SERS account, your benefit statement also lists any service you may have with a reciprocal system, any service you may be eligible to purchase or repay, and states your service credit in months as well as years.

Share this information with your family, since it's a vital part of your retirement planning. And keep your benefit statement in a safe place along with your Social Security card to avoid the chance of identity theft.

Keep Your Beneficiaries & Mailing Address Current

Your named SERS beneficiaries are located in the Death Benefits section of your Benefit Statement. It is your responsibility to keep your designations up-to-date.

Remember that you may have three separate beneficiaries: SERS, Group Life Insurance, and Deferred Compensation.

You may change your beneficiaries at any time by completing and filing with SERS a new Nomination of Beneficiaries form (on the back page of this publication).

If you have questions about beneficiaries, call us at 217-785-6963.

We recently received several new beneficiary forms with different addresses than what is on the members' W-4 forms. A new address on a beneficiary form doesn't automatically update your address with SERS.

If you change your address, you need to complete a new W-4 form with your agency Payroll Clerk.



The new SERS benefit calculator is the latest tool on our website allowing our members to enter data and get an unofficial estimate of their retirement benefit. The calculator is intended as an educational resource that can help develop personal retirement strategies or provide estimated financial information.

For information on all aspects of SERS, visit our website at www.state.il.us/srs.

The Power of Deferring Taxes

You probably know that money going into Deferred Compensation or a traditional 401k isn't taxed right away. It's allowed to grow tax-deferred until it's withdrawn, when it will be taxed at your personal tax rate.

As an example, you've saved \$10,000 for retirement and are in the 28% tax bracket. After paying taxes, you're left with \$7,200. But if you chose a tax-deferred account, the whole \$10,000 would earn 10% a year.

At the end of five years the account would be worth \$16,105. That amount would then be taxed at 28%, bringing the balance to \$11,596; or 13.8% more than if you hadn't gone tax-deferred.

And that difference only gets larger the longer the money stays in the tax-deferred account.

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estimate of the amount payable to them, and an application to participate from SERS.

Group 2

To be eligible in Group 2, SERS members in any position with the Speaker of the House of Representatives, the Minority Leader of the House, the President of the Senate, the Minority Leader of the Senate, the Secretary of State, the Comptroller, the Treasurer, the Auditor General, the Supreme Court, the Court of Claims and all legislative agencies are eligible to participate, with the approval of their agency head.

The eligibility requirements are the same as Group 1, except that they must **file and terminate** by October 31, 2004. There is no limit to the number of employees who can participate in

this group. They will receive an estimate after September 1, 2004.

All ARCP participants will receive a one-time lump sum payment equal to their contributions with regular interest, times two. The taxable portion of the lump sum amount may be rolled over into a qualified employer plan that accepts rollovers, or to a traditional Individual Retirement Account (IRA).

Participants in the Alternative Retirement Cancellation Payment Plan would be eligible for insurance coverage on the date they would have been eligible to retire, using their service on the date of the ARCP if they are vested (8 years of service credit) with the State.

For example, if a member terminates at age 27 with 9 years of service, he would be eligible for State insurance on the first of the month after reaching age 60.

For more specific information on this legislation, visit our website at www.state.il.us/srs.

Purchasing Optional Service Credit

An easy way to maximize the amount of service credit you have towards retirement is to purchase any optional service credit you're qualified for.

This service credit includes:

- Previously refunded service
- Qualifying periods: 12 months before 1-1-72; or 6 months from 1-1-84 and after
- Short period(s): intermittent service prior to SERS membership
- Military service
- Leaves of absence of less than one year (after 1982).

These optional service credits usually require the payment of contributions, plus interest. You may purchase service credit through payroll deduction

installments, direct-pay installments, a lump sum payment, a tax-deferred payroll deduction or a Deferred Compensation transfer.

All tax-deferred withholdings must be made through an irrevocable payroll agreement that can't be cancelled or changed unless you become disabled or terminate employment.

Once all payments have been made to SERS, your account will be credited for the service purchased. This additional service credit will be reflected in your future Benefit Statements.

If you are interested in buying optional service credit, call the Service and Refunds Division at 217-785-7167 for a calculation of the amount due.



2005 SERS Preretirement Workshops

Registration for all of the SERS 2005 workshops begins September 1, 2004. In order to register, you must contact your agency's Retirement Coordinator. If you're not sure who your Retirement Coordinator is, check the "At a Glance" section of your enclosed Benefit Statement.

For more information on our preretirement workshops or to find out if a workshop you want to attend is filled, visit our website at www.state.il.us/srs or call 217-785-6979.

INVESTING IN YOUR FUTURE

For employees under age 45

Jan. 25	Chicago
Feb. 8	Springfield
Mar. 1	Schaumburg
Mar. 22	Springfield
Apr. 5	East Peoria
Apr. 19	Joliet
May 10	Urbana
Jun. 7	Rockford
Jun. 21	Springfield
Jul. 19	Mt. Vernon
Aug. 2	Springfield
Sep. 13	Chicago
Sep. 27	Springfield
Oct. 4	Orland Park
Oct. 25	Fairview Hts.
Nov. 1	Chicago

EDUCATION FOR TOMORROW'S CHOICES

For employees 5-15 years from retirement

Jan. 5 & 6	Chicago
Jan. 5 & 6	Springfield

Jan. 12 & 13	Springfield
Jan. 19 & 20	Springfield
Jan. 26 & 27	Springfield
Jan. 26 & 27	Glen Ellyn
Feb. 2 & 3	Springfield
Feb. 9 & 10	Fairview Hts.
Feb. 16 & 17	Springfield
Feb. 16 & 17	Chicago
Feb. 23 & 24	East Peoria
Mar. 2 & 3	Schaumburg
Mar. 9 & 10	Springfield
Mar. 16 & 17	Chicago
Mar. 23 & 24	Carbondale
Mar. 30 & 31	Urbana
Apr. 6 & 7	Chicago
Apr. 13 & 14	Springfield
Apr. 20 & 21	Joliet
May 4 & 5	Springfield
May 4 & 5	DeKalb
May 18 & 19	Springfield
May 18 & 19	Chicago
May 25 & 26	Mt. Vernon
Jun. 1 & 2	Springfield
Jun. 8 & 9	Rockford
Jul. 6 & 7	Springfield
Jul. 20 & 21	Carbondale
Jul. 27 & 28	East Peoria
Aug 3 & 4	Fairview Hts.
Aug. 24 & 25	Chicago
Sep. 7 & 8	Springfield
Sep. 14 & 15	Springfield
Sep. 14 & 15	Orland Park
Sep. 21 & 22	Morton
Oct. 5 & 6	Effingham
Oct 12 & 13	Springfield
Nov. 2 & 3	Chicago
Nov. 16 & 17	Springfield
Dec. 7 & 8	Springfield

COUNTDOWN TO RETIREMENT

For employees within 3 years of retirement

Feb. 3	Joliet
Feb. 24	Springfield
Feb. 24	Chicago
Mar. 3	Springfield
Mar. 10	Schaumburg
Mar. 31	Springfield
Apr. 14	DeKalb
Apr. 28	Chicago
May 5	Fairview Hts.
May 12	Springfield
May 24	Quincy
Jun. 16	Carbondale
Jun. 23	Springfield
Jul. 7	Urbana
Jul. 14	Springfield
Jul. 21	Springfield
Aug. 4	Mt. Vernon
Aug. 11	Springfield
Aug. 18	Chicago
Sep. 1	Springfield
Sep. 15	Morton
Sep. 29	Carbondale
Oct. 6	Orland Park
Oct. 13	Rockford
Oct. 20	Moline
Oct. 27	Chicago
Dec. 1	Chicago



State Employees' Retirement System of Illinois

2101 South Veterans Parkway, P.O. Box 19255, Springfield, Illinois 62794-9255, Phone 217-785-6963

MEMBER'S NOMINATION OF BENEFICIARY(IES) FOR DEATH BENEFITS

This form is to be used to nominate the person or persons to receive any death benefit payable by the State Employees' Retirement System of Illinois. ***This is a legal document which, after preparation, may not be altered in any way by any person.*** A member desiring to change beneficiaries at a later date must complete a new Nomination Beneficiary form. The form on file with the System that has the most recent date, located next to the member's signature, will take precedence.

INSTRUCTIONS: Complete this form using ink or typewriter. You may nominate one person, as many as you wish, or your estate. If additional space is required, use the reverse side of this form.

Benefits will be paid on a ***survivor basis in the numerical order*** you indicate. Two or more persons with the same order number will receive equal shares. ***When this beneficiary nomination is accepted by the State Employees' Retirement System, an acknowledgment will be mailed to the current address on file with SERS. If your address is not current, please contact your payroll department to complete a new W-4 form.***

NOTE! Persons nominated as beneficiaries without order numbers will be considered after persons nominated with order numbers. Two or more persons nominated without order numbers will receive equal shares.

EXAMPLE

Order Number	Name	Address	Relationship
<u>1</u>	<u>John A. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Father</u>
<u>2</u>	<u>Jane B. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Mother</u>
<u>3</u>	<u>David C. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Brother</u>
<u>3</u>	<u>Nancy D. Doe</u>	<u>44 South 2nd, Springfield, IL 62708</u>	<u>Sister</u>
<u>3</u>	<u>Mary E. Doe</u>	<u>123 West Main, Chicago, IL 60601</u>	<u>Sister</u>
<u>4</u>	<u>Frank F. Smith</u>	<u>9876 E. 99th St., Peoria, IL 61605</u>	<u>None</u>

In the event the member dies while in state service, the benefit will be paid as follows:

1. All the money will be paid to John Doe.
2. If John Doe is not living when the member dies, all the money will be paid to Jane Doe.
3. If John and Jane, Doe are not living when the member dies, the money will be divided equally among David, Nancy, and Mary Doe. (If only two of these three persons are living when the member dies, each will receive one half of the money and if only one of these three persons is living when the member dies, he/she will receive all of the money.)
4. If John, Jane, David, Nancy, and Mary Doe are not living when the member dies, all the money will be paid to Frank Smith.
5. If none of the nominated beneficiaries are living when the member dies, all of the money will be paid to the member's estate.

NOMINATED BENEFICIARIES

Order Number	Name	Address	Relationship
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

This form must be witnessed by two people who are not named as beneficiaries.

Member's Signature _____ **Date** _____

Member's Social Security Number _____ Witness _____

Member's Address _____ Address _____

_____ Witness _____

_____ Address _____